

Restoration Tax Abatement Program City of New Orleans



Office of Economic Development

1340 Poydras Street, Suite 1800
(504) 658-4200
<http://www.nola.gov/economic-development/>

Restoration Tax Abatement Program

General Information

The Louisiana Restoration Tax Abatement (RTA) Program is a state economic development incentive program created for municipalities and local governments to encourage the expansion, restoration, improvement, and development of *existing* commercial structures and owner-occupied residences in economic development districts, downtown development districts, historic districts, and opportunity zones.

Benefits

The program grants a 5-year deferred assessment of the ad valorem property taxes normally assessed on renovations and improvements. RTA contracts may be *renewed* for a second 5-year term if approved by the local governing authority, Board of Commerce and Industry, and governor. After completion of the work, property owners pay ad valorem taxes based on the assessed valuation of the property prior to the commencement of the improvements which result in substantial tax savings.

Eligibility

The incentive is open to all Louisiana businesses and homeowners with existing commercial structures and owner-occupied residences who expand, restore, improve or develop in a qualifying district.

The RTA program does not exempt the acquisition cost of the structure. In addition, only equipment that becomes an integral part of that structure can qualify for this exemption (not machinery and equipment used in the business, i.e.: retail gondolas or movable property such as furniture and fixtures, etc.) Note: An Enterprise Zone or Economic Development Zone is not a qualifying district.

Pursuant to R.S. 47:4315 (A) (4), under no circumstances will the Board of Commerce and Industry consider an application (or renewal application) for abatement on any RTA project once ad valorem taxes have been paid on the basis of an assessed valuation which reflects the improvements made by the project. To maintain compliance with this state rule, the City of New Orleans advises those pursuant of this incentive to "*pay under protest*" the portion of the taxes subject to abatement (the improvements) upon approval of the RTA to avoid any penalties, interest and/or tax sale (R.S. 47:1998) and the amount not being abated to be paid against the account. Paying under protest shows a good faith effort by the applicant and keeps the tax account current. If

approved, the RTA is applied to the tax rolls and a refund is granted to the applicant for the subject years based on reassessments.

Protest Payment Procedures are as followed: Prepare a letter to the Bureau of the Treasury stating the reason for the protest payment along with two checks both payable to the City of New Orleans. One check for the abated taxes with protest payment written in the memo section of the check and the second for the non-abated taxes.

If the property is sold, the contract may be transferred, subject to local government and board approval.

Local Involvement

New Orleans City Council Resolution R-20-10 (approved 1/16/20) promulgates the local rules and procedures of the program.

The New Orleans City Council has designated the Office of Economic Development (OED) and the Mayor's RTA Committee (represented by the CAO Office, Office of Economic Development (OED), Historic District Landmarks Commission (HDLC), Law Department, Office of Workforce Development (OWD), Office Supplier Diversity (OSD), and Bureau of Treasury) to oversee compliance and make recommendations via report to approve or reject applications based on the council's criteria.

The RTA Committee, the local recommending body, shall guide the evaluation of tax abatement requests to achieve clarity and predictability for the business community at large and local taxing bodies around the terms and conditions by which tax abatements will be considered.

The RTA Review Committee meets on the last Tuesday of each month, except when that would fall on or very near a holiday or event. A quorum of committee members, being one more than half of official committee members, must be present to conduct the meeting. If, for reasons beyond the control of the committee, the meeting must be canceled, the committee will reschedule at a later date in the same month.

To include an application on the agenda for a Committee meeting, all required project documentation must be received by OED a minimum of twenty-one (21) days prior to the next scheduled Review Committee meeting. The committee will evaluate a maximum of five (5) new applications per meeting (according to the order in which received by OED).

At least two (2) business days prior to each meeting, OED will submit a project summary to committee members of all applications being evaluated.

RTA applicants are required to attend committee meeting to present an overview of the project and respond to any questions by the committee. Applicants will be notified of the meeting at least five (5) working days prior to the meeting.

The Committee shall attempt to make its recommendations by consensus of approval or disapproval of the application. [NOTE: Applicants may request to appeal their denial within five (5) working days after RTA Review Committee Meeting. Applicants will be allowed only one appeal to the comment once denied]. If there is no consensus, recommendations shall be adopted by a majority of the members.

In the case of a provisional approval, the committee may grant compliance of local council guidelines with a contingency of increased participation or verification of work (departmental approved) prior to council ruling. The applicant must substantiate compliance within fifteen (15) business days. Failure to comply may result in a recommendation of automatic denial by the committee.

Local Criteria

As detailed in City of New Orleans Resolution R-20-10, RTA applications shall be considered for approval based on the following criteria:

Original Application:

- Advance Notification & Application Filed Prior to Construction
- Minimum 25% Investment of the Pre-Improved Building Value
- Improvements Shall Extend the Useful Life of Building 20 Years or More
- No General Maintenance
- Expansion Shall Not Exceed Beyond 10% of the Original Footprint
- Local Exhibits

Renewal Application:

- Minimum 25% Renewal Investment of the Pre-Improved Building Value
- Applicable Only to Commercial Projects; Except Residential Projects Meeting Inclusionary Zoning Requirements
- Local Exhibits

Transfer Application:

- Proof of Hotel/Motel Transferred Ownership where Management Remains Unchanged
- Local Exhibits

Locally Requested Exhibits for Local Endorsement Consideration

Applicants seeking local approval shall submit the following documentation (as defined in City of New Orleans Council Resolution No. R-10-20:

Original Application:

- Affidavit
- Description of Restoration
- Before & After Appraisals
- Pro Forma
- Additional Tax Breaks
- Project Owners
- Cost/Benefit Analysis Data
- Eligibility Certification Form
- Jobs Created
- Tax Status
- Sales Tax Revenue
- Building Permits
- DBE Participation Forms (Exempted: Owner-Occupied Residential Properties with ≤ 6 units)
- Hire NOLA/Living Wage Forms (Projects ≥\$150,000)
- Project Photos

Renewal Application:

- Affidavit
- Description of Restoration (Renewal)
- Renewal Investment
- Project Owners
- Appraisal - Post Original Renovation
- Tax Returns
- Debt Schedule
- Eligibility Certification Form
- Mortgage Amortization
- Tax Status
- Jobs Created
- Building Permits
- For Residential Projects: Proof of 1) Mandatory Inclusionary Zoning Compliance (MIZ Sub-District Location Verification, Building Permit and Certificate of Occupancy), 2) Voluntary Inclusionary Zoning Compliance or 3) An Affordable Housing Planning Development
- DBE Participation Forms (Exempted: Owner-Occupied Residential Properties with ≤ 6 units)
- Hire NOLA/Living Wage Forms Projects ≥\$150,000)
- Project Photos

Transfer Application:

- Affidavit
- Property Owners
- Tax Status
- Eligibility Status: Hotel/Motel support documents OR good faith affidavit
- Description of continued restoration (if applicable)
- Building Permit Job Value (if applicable)

Application Process

To apply with the Louisiana Board of Commerce and Industry and the City of New Orleans for an RTA exemption see steps below.

Step		Responsible Entity	Timeline
1	Submit an Advance Notification and application on Louisiana Economic Development's (LED) online FASTLANE system.	Applicant	Prior to Project Commencement; application filing – Local Rule
2	Commence project.	Applicant	After filing advance notification and application
3	Upon OED's receipt of advance notice, applicant is advised on exhibits required for review and local endorsement consideration	OED	Within 3 business days of filed advance notification
4	<p>Pursuant to RS 47:4314 (B) (4), the local governing authority is required to submit its decision of approval or disapproval to LED within sixty (60) days after receipt of the application. Therefore, ALL local exhibits <i>must</i> be submitted to the Mayor's Office of Economic Development within 3 business days of filing application with LED (<i>partial submissions NOT accepted</i>). If the applicant fails to submit ALL local requirements within the allotted timeframe, the application may face closeout with no further local action.</p> <p>Please note, that our office will not review your application until ALL documents are received. In addition, it is recommended that submissions be provided to our office before the deadline to leave ample time for proofreading and necessary changes.</p> <p>An electronic copy of the comprehensive local submission must be emailed to the City's RTA Program Manager, Tracey Jackson at tmjackson@nola.gov and one (1) printed copy of the local submission must be presented to 1340 Poydras Street, Suite 1800, New Orleans, LA 70112.</p> <p>The printed copy must be bound and submitted on 8 1/2" x 11" paper. A divider must separate each of the exhibits and must be labeled with a tab label.</p> <p>Local submissions must be presented to OED not less than 3 weeks prior to any upcoming RTA Review Committee meeting.</p>	Applicant	Within 3 business days of filed application
5	Upon receipt of ALL exhibits, an internal review commences for RTA approval/denial based upon CNO criteria and the application is tentatively placed on the next available committee meeting agenda pending review completion	OED	Within 60-day local processing period

Step		Responsible Entity	Timeline
6	To ensure placement on the upcoming RTA Review Committee agenda, OED must be in receipt of all exhibits 3 weeks prior to the scheduled committee meeting (see CNO's RTA Meeting Schedule online); RTA Review Committee meets on the last Tuesday of the month	Applicant	Within 60-day local processing period
7	OED facilitates an RTA Review Committee meeting to review the application and provide its recommendation. OED transmits report of recommendation to respective Councilperson. The CAO, City Attorney, Chief of Staff, Council Relations, Intergovernmental Affairs, Audubon Institute, Levee Board, Sewerage & Water Board, and the Parish Assessor are copied.	OED/ ITEP Committee	
8	Respective Councilperson forwards recommendation to Clerk of Council.	City Council	
9	Concurrently, Clerk of Council places application on council <i>consent</i> agenda, and sets a recommended hearing date	Clerk of Council	
10	The project is next added to the agenda of the <i>regular</i> City Council meeting as a resolution for approval or denial. City Council reviews committee recommendation and the application is then acted upon via resolution.	Clerk of Council / City Council	
11	OED requests resolution within 1week after public hearing ruling	OED	
12	After LED staff receives a resolution from the LGA, the application is scheduled for presentation to and approval from the Board of Commerce and Industry	BC&I	---
13	After approval of the application by the BC&I, a contract is drafted for signature by the applicant and the Governor. Copies of this executed contract are then forwarded to the contractee, local assessor, and LGA.	LED	---
14	If approved, file Project Completion Report	Applicant	Within 90 days after beginning operations, completion of construction or receipt of fully executed contract, whichever occurs last.
15	If approved, file Affidavit of Final Cost	Applicant	Within 6 mos. of the beginning of operations, completion of construction or within 90 days of the receipt of the executed contract, whichever occurs last

Step		Responsible Entity	Timeline
16	File Contract Renewal Request	Applicant	No more than 6 months before and not later than the expiration of the initial 5-year contract
16a	The same approval process used for the original application and contract will be followed for renewal. LED will review renewal application and forward to the local governing authority for approval resolution. Upon approval by the local governing authority, renewal application will be presented for consideration to the BC&I.	LED / LGA	Within 60-day local processing period
16b	If approval by the BC&I, a contract will be sent electronically for signatures. A fully executed contract with the governor's signature will be emailed to the applicant.	BC&I	Following BC&I renewal review
17	If at any time during the term of a contract, a name change or transfer of ownership occurs; a Change in Name form or Contract Transfer form must be submitted for approval online. Upon receipt of an approval resolution from the local governing authority, request will be presented for approval to the Board of Commerce and Industry.	LED / LGA	Within 60-day local processing period

For additional information, please visit the City's webpage at:
[Economic Development - Business Services - Tax Incentive Programs - Restoration Tax Abatement - City of New Orleans \(nola.gov\)](#)